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ECUADOR.

By Consul General Frederic W. Goding, Guayaquil.

Although the economic situation of a country is in close relation with its commercial and agricultural conditions, it has not been what was expected in Ecuador during the past year, owing to the various complex circumstances obtaining.

Commerce in general, while feeling the effect of the abnormal situation, has been maintained at almost a normal point. Fortunately there were large stocks of foreign merchandise in the warehouses of the principal commercial houses of the Republic at the outbreak of the war in Europe, which largely compensated for the inability to fill new orders for a time by supplying the necessities of the country with a few importations.

Agricultural Conditions.

Agriculture, with a few exceptions, was favored during the year, and although difficulties presented themselves to the exporters during the early months of the war, they were gradually overcome, owing to the necessity of the belligerent nations for the produce of this country to feed their armies. The abundant cacao crop found a profitable sale, as it was marketed at high prices and in large quantities. The same, however, can not be said of some of the other crops, principally ivory nuts, the export of which has been nearly at a standstill, due in part to a lack of demand, but more to the political unrest in the Provinces of Manabi and Esmeraldas, the principal sources of the product. In the Manabi Province agriculture has disappeared entirely, and will require new individual efforts to reorganize the industry, as the invested capital has disappeared, the machinery destroyed, and the farms abandoned by their owners. Much the same may be said of the Provinces of Los Rios and Carchi, due to two years of disturbances.

Decreased Government Receipts.

Not only was there a large reduction in the fiscal receipts on exports, but the European war in hindering imports lessened the customs duties by at least a fifth of those estimated. The Government accounts for the year were: Expenditures, $9,902,870; and receipts (import duties, $3,714,307; export duties, $1,834,689; internal taxes, $2,602,227), $8,151,223. The excess of expenditures, amounting to $1,751,647, was a great strain on the finances of a country the size of Ecuador. Another factor of great importance was the civil war, which required a large increase in the army and navy expenses

amounting to $1,334,783 which, if added to the decrease in income, shows in these items alone a deficit in the estimates of over $3,000,000. It was thought that this condition of affairs would grow worse instead of better during the current year, but the arrival of heavy shipments of foreign merchandise, largely American, and the high rate of exchange greatly benefited the exporters, and toward the close of July, 1915, there were indications of an improvement in the future economic situation of Ecuador.

During the first seven months of 1914 the financial situation was about normal. The Government, notwithstanding the political disturbances, which required heavy disbursements, continued to meet all its engagements, especially in paying the coupons of the bonds of the Guayaquil & Quito Railway Co., remitting to Glynn, Mills & Co., of London, the following sums: January, $80,471; February, $90,574; March, $68,177; April, $57,985; May, $54,824; June, $19,466; and July, $21,793.

The Guayaquil & Quito Railway Co. is an American concern that secured a contract for building and operating a line from Guayaquil to Quito from January 1, 1899, to December 31, 1931, or 33 years. The company issued bonds for $12,282,000, paying interest at 6 per cent, with 1 per cent amortization, requiring $859,470 annually, which were guaranteed by the Government of Ecuador with 43 per cent of the customs revenues. The interest has been regularly paid, and doubtless would have been remitted to London for the remainder of the year if the outbreak of the war in Europe had not disarranged finances everywhere.

Banking Conditions Following the Outbreak of the War.

The local banks suspended all operations and refused to buy or sell drafts on the United States and Europe. The Ecuadorian Government issued a decree prohibiting the exportation of gold coin and relieved the banks of the obligation to exchange their notes for gold on demand. The news of the war stopped all exportation of produce, and the decree of the Government created a panic, especially among the poor class, who were under the impression they would lose the value of the notes they were holding at the time. At this critical time the Government issued another decree whereby it guaranteed the note issue of the banks up to the sums it was then owing to the banks and prohibited further issue of notes until the war was over. The position thus created for the banks of issue on December 31, 1914, was that their note issue was absolutely protected, which quieted most of the apprehensions of the people and inspired much confidence in commercial circles. The position of the banks was as follows:

Banco Comercial y Agricola.—Bank-note issue, $2,996,385; Government debt, $3,011,058.

Banco del Ecuador.—Bank-note issue, $1,223,554; Government debt, $1,505,034.

Banco del Pichincha.—Bank-note issue, $890,965; Government debt, $100,374.

Import Trade—Demand for Cement.

The official figures showing the value of the imports into Ecuador are always two or three years in arrears, and therefore what data are given in this report are from different sources.

Owing to a recent ordinance passed by the Guayaquil municipality providing that buildings to be erected or repaired must have the ground story and foundations constructed of concrete, to the use of cement in new railway-bridge abutments and culverts, to the extensive Guayaquil sanitation works, and other reasons, cement will be used in the future much more than in the past. The imports of cement, in pounds, its value, and the countries of origin during the last two years were:

Country.	1913		1914	
	Pounds.	Value.	Pounds.	Value.
Belgium	38,978	$582	61,729	$213
Germany	2,816,169	11,879	3,522,074	14,388
Italy	24,471	308		
United Kingdom			41,731	246
United States	2,271,599	12,547	2,592,051	12,060
Other countries	17,431	71		
Total	5,168,648	25,387	6,217,585	26,907

Imports of Oils and Soap.

There were 518,040 gallons of kerosene, valued at $69,981, received during 1914, of which the United States furnished 99.8 per cent, the quantity and value being nearly the same as for 1913.

Of the total imports of oils for machinery, valued at $18,900, the United States supplied $16,024 worth. Of machine grease imported, amounting to $2,320, the United States supplied $1,889 worth.

Previous to the year 1914 practically no American laundry soap was imported into the Republic, although repeated efforts had been made to introduce it. Foreseeing that the war would seriously interfere with imports from Europe, one enterprising Ecuadorian ordered 2,000 cases of laundry soap from Philadelphia, which arrived during the middle of the year and was sold within three weeks. Very large sales continue to be reported each month, another brand also having entered this market. A representative of a former popular European laundry soap, whose brand until recently controlled this market, recently left here without having taken an order.

The statistics of many other lines would be interesting if available, and would show that the United States now occupies first place in the Ecuadorian foreign trade.

Increased Demand for American Goods.

The people of Ecuador in the past have depended upon the United States for a large part of their supplies of flour, lard, coal, ammunition and explosives, kerosene, and lubricating oils, and have received other classes of goods in reasonable quantities. With the advent of the war in Europe, attention was forcibly directed away from the European source of supplies, naturally turning toward the United States. The local merchants are now seeking agencies for rice, lard, flour, certain structural materials, and have increased their purchases in other lines. With satisfactory financial arrangements settled and more direct steamship accommodations, accompanied with freight rates independent of the present combinations, the trade between Ecuador and the United States will be largely increased.

Movement of Vessels at Guayaquil.

The following table shows the movement of foreign vessels at the port of Guayaquil during 1913 and 1914:

Country.	1913				1914			
	Entered.		Cleared.		Entered.		Cleared.	
	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.	No.	Tonnage.
STEAM VESSELS.								
Chile	30	49,132	30	49,132	37	63,655	37	63,655
Denmark					1	2,647	1	2,647
France	1	3,411	1	3,411				
Germany	19	57,911	19	57,911	15	46,459	15	46,459
Peru	34	66,636	34	66,636	21	61,598	21	61,598
United Kingdom	103	168,978	103	168,978	88	161,202	88	161,202
Total	187	346,068	187	346,068	162	335,561	162	335,561
SAILING VESSELS.								
France	1	1,902	1	1,902				
Germany	1	1,750	1	1,750	1	1,747	1	1,747
Peru	1	557					1	557
Russia	1	1,996	1	1,996	3	5,607	3	5,607
United Kingdom	1	1,897	1	1,897	2	4,214	2	4,214
Total	5	8,102	4	7,545	6	11,568	7	12,125

Preliminary Figures of Export Trade.

The quantity and value of the principal exports of Ecuador for 1914, compared with those for the previous year, compiled from the most reliable unofficial sources, were:

Article.	1913		1914	
	Pounds.	Value.	Pounds.	Value.
Cacao	92,305,847	$9,891,248	96,682,250	$11,362,240
Coffee	8,125,644	827,569	3,897,596	476,140
Hides	2,282,883	339,911	1,393,559	288,237
Ivory nuts	69,790,878	2,118,030	2,480,138	61,310
Rubber	427,732	178,754	74,344	21,620
Total	172,932,984	13,355,512	104,527,887	12,209,547

The following data on the export of hides during 1914 were supplied by the leading hide-exporting house (Andean Trading Co.):

Country.	1913	1914	Country.	1913	1914
	Number.	*Number.*		*Number.*	*Number.*
Belgium		924	Spain	1,000	744
France	5,039	3,434	United Kingdom	15,401	18,607
Germany	53,918	21,112	United States	6,993	19,030
Netherlands	4,269	2,040			
Italy		111	Total	86,620	66,002

Exports for United States.

The value of the articles invoiced at the American consulate general at Guayaquil for the United States during 1914 was $4,130,170, compared with $2,975,626 for 1913. The value of the shipments certified at the consular agencies at Esmeraldas and Bahia de Caraquez for the United States, however, decreased considerably. The

following table shows the articles and their value invoiced during 1913 and 1914:

Articles.	1913	1914	Articles.	1913	1914
FROM GUAYAQUIL.			FROM ESMERALDAS—con.		
Cacao	$2,197,826	$2,605,340	Hides	$1,509	$1,219
Coffee	114,613	47,970	Rubber	17,122	472
Gold:			Tagua (ivory nuts)	450,128	11,284
Bullion	181,014	748,702	Total	468,759	13,128
Base	106,061	150,199	FROM BAHIA DE CARAQUEZ.		
Hats, Panama	189,044	388,459			
Hides:					
Alligator	1,560	3,719	Cacao	322,449	236,512
Cattle	27,047	99,961	Coffee	40	2,747
Goat	172	2,186	Hides	436	3,899
Ivory nuts	54,743	26,483	Rubber	57,521	50,978
Kapok	5,854	27,292	Tagua (ivory nuts)	131,466	50,097
Rubber	85,149	20,086	All other articles	1,599	99
All other articles	12,543	9,773	Total	513,511	344,332
Total	2,975,626	4,130,170			
FROM ESMERALDAS.					
Cacao		106			
Copper, old		47			

The quantity of cacao invoiced from the consulate general at Guayaquil for the United States during 1914 was 23,099,199 pounds; coffee, 514,325 pounds; kapok, 223,246 pounds; rubber, 56,800 pounds; ivory nuts, 649,553 pounds; and Panama hats, 32,514 dozen.

Industrial Conditions—Shoe Factories.

Although Ecuador is not an industrial State a few industries have become permanent fixtures, which furnish employment to thousands of people. There is room for a number of others, for with a good supply of running water sufficient power may be cheaply obtained for sawmills and many factories, the materials for whose use exist in abundance.

The national shoe factory is one of the most important. Located in the city of Guayaquil it occupies nearly a square of ground and operates on a capital of $200,000. There are employed 20 women fitting uppers and 72 men in all branches, who work eight hours daily at an average weekly wage of $5.54 and produced 62,218 pairs of shoes in 1914, all of which were used in Ecuador. During the year the company purchased from the United States shoe findings and upper leather to the value of $92,728. The sole leather used was locally made, amounting to 126,651 pounds; the cardboard for boxes was until recently purchased in Germany, but is now obtained from the United States, the cost being 40 per cent higher. All machinery is from the United States. The styles produced in both black and tan shoes are the "Goodyear welt" and the "McKay sewed," representing the medium grade of American shoe.

Output of the Sugar and Flour Mills.

Ecuador requires annually about 12,000 tons of sugar, of which all but 750 tons are produced in the country, most of the deficiency being supplied by Peru, about 4 per cent coming from the United States.

There are 13 sugar mills in operation, many of which are equipped with modern American machinery (made in Chattanooga, Tenn.), several of the engineers being Americans. The production of sugar increases at the rate of 10 per cent annually, so that soon Ecuador

will be able to supply all of the plain refined sugar required, but American sugar in squares will continue to be imported.

The seven roller flour mills in Ecuador are located one each in Cajabamba, Riobamba, and Latacunga, and two each in Quito and Ambato, the total capacity being 700 barrels each 24 hours. Two are equipped with German, two with British, one with American, one with combined American and French, and two with combined French and German machinery; also another is being started in Riobamba (American), and a small one in Loja which grinds both wheat and corn.

The Textile Industry—Increased Demand for Panama Hats.

The industry of spinning and weaving cotton and llama wool has existed in Ecuador for many years and textile mills have been in operation in the Andean highlands of the interior for many years. At present six are producing cotton and woolen goods, one of which has 1,650 spindles and 60 employees. One factory in Guayaquil produces various classes of knit goods, such as underwear, stockings, socks, and children's clothes, in both cotton and silk; 16 people are employed and 30 knitting machines are in use.

The bulk of the cotton piece goods imported until recently was German and British, but at present American manufactures are to be seen in nearly all of the retail stores, and give universal satisfaction both in quality and prices.

It is evident that the popularity of the Manavi (Panama) hat is increasing, as the numbers exported grow larger each year. In previous years practically all shipments of these hats to the United States arrived through the port of New York, whereas during the past year they have been exported to a number of other ports in the United States. The result has been that a larger number of individual firms are purchasing direct, with a corresponding decrease in the prices that should be charged which would equal those for any other straw hat of good quality.

Tanneries, Breweries, and Ice Plants.

There are three small tanneries in Ecuador, and an extensive one which supplies the national shoe factory with sole leather and exports some tons to Cuba, Panama, and Great Britain; but no other classes of leather are produced. The large tannery has lately been equipped with the new chrome apparatus, which will permit the tanning of hides in 36 hours which formerly required several months. Mangle bark is usually employed as a tanning agent, of which unlimited quantities are available.

Eleven breweries are operating in Ecuador, one in each of the cities of Guayaquil, Ambato, Cuenca, Ibarra, and seven in Quito. A tax of 1 centavo (a half cent) is imposed on each liter (quart) of beer manufactured, to which is added a graduated license for retailing. One brewery is owned by an American company, a portion of the machinery is from the United States, and at least one of the head brewers is an American. Two brands of American beer are at present imported in limited quantities.

In this humid climate, which is extremely hot during four months of each year, but warm and delightful for the remaining eight months, the necessity for ice to preserve perishable goods and in

making cooling beverages is urgent. To supply this demand 24 plants have been installed in the towns and villages throughout the lowlands lying west of the Andes Mountains, which produce 60 to 70 tons daily. Of these 20 plants have American equipment, 3 German, and 1 British. There are a number of places that still need plants for the manufacture of ice.

Condition of Some of the Crops.

The cacao crop in 1914, while some 200,000 quintals less than the previous year, was satisfactory, as it was marketed at high prices.

The yield of coffee was considerably under that of 1913, the season not being propitious for its development.

Thousands of tons of ivory nuts rotted on the ground, as there was no market for them. The trees grow wild throughout the coastal country of Ecuador, the nuts being collected and delivered at the ports by the Indians.

Considerable quantities of kapok were gathered, but the inclement weather at flowering time prevented the development of the pods, and a short crop resulted. About 80 tons were purchased in the United States and one-half ton in Great Britain, the latter country receiving 1½ tons of the seeds.

There were exported to Great Britain 60 tons of cotton and 50 tons of cotton seed; 60 tons of cinchona bark went to France and Germany; and 54 tons of orchilla were purchased by France and 140 tons by Great Britain.

Peanuts, locally called "mani," are grown extensively in the Province of Loja, principally in the valleys of Malacatos, Vilcabamba, and Catamayo, and along the Catamayo and Zapotillo Rivers, where the soil and climate are admirably suited to their development. The peanuts are consumed mostly in the vicinity by the Indians for food, but they also are sold in the larger cities of the Republic.

Mining Operations—Other Industries.

The South American Development Co. (American) continues to be the only gold mine operating in Ecuador, the product for 1914 being about $3,000,000. The company continued the development of its water-power installation, adding a mine hoist, to be operated by a water turbine, and an electric plant for pumping, lighting, and shop power. Also an American ice plant has been installed, with a daily capacity of 200 pounds, which is also used for refrigeration.

The Zaruma Mining Co. (French) has discontinued work on the properties, owing to the European war.

Other than those mentioned are a number of industries in successful operation, such as sawmills, furniture factories, bakeries, vermicelli mills, chocolate and candy factories, yards for building small water craft, creameries, sack works, plants for the manufacture of articles from cement, small foundries, repair shops, soap and candle works, rice-peeling plants, coffee roasting and grinding works, and several others. While not extensive, they furnish employment to large numbers.

Public Improvements—Railways and Tramways.

While some of the public works planned could not be continued, others are being prosecuted according to contract, the chief of which

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is the sanitation of Guayaquil. The firm of J. G. White & Co. has a large force at work excavating the site for the principal city waterworks reservoir. It has continued the surveys for the supply of water, and is laying the pipe lines throughout the city.

Nearly 25 miles of rails have been laid on the Ambato-Curaray line, and as many miles of roadbed have been completed. Thirty miles from Ambato the road, passing through a number of villages, reaches Agoyan Falls, which can supply 260,000 horsepower. From there the road passes through heavily timbered country with gold indications, down into the Amazon basin. The village of Curaray is about 160 miles from Ambato, at an elevation of 1,270 feet, and is located in the district where rubber, cacao, coffee, cinchona, tobacco, and vanilla grow wild. San Antonio, a small village a short distance beyond, is accessible through the Curaray and Napo Rivers to the Amazon for boats of 3 feet draft, at all seasons. American engineers are in charge of the work.

The Coast Railway, extending from Guayaquil to the Pacific coast, is progressing satisfactorily under the direction of an American engineer. Nearly one-half of the roadbed is completed, the remaining distance being open to automobile traffic.

The surveys on the Huigra-Cuenca line are being continued, as are those of the Trans-Amazon line, which are nearing the end.

No extensions are being made on the other railways, and none are projected for the present.

Necessary extensions on the Guayaquil tramways were held in abeyance during the year for want of capital; this enterprise would well repay American financiers to investigate.

In Quito the Tramway Co. (American) has completed the laying of the rails, and cars are now running on the lines. Efforts are being made to obtain 5,000 horsepower from running streams to supply light and power.

Mileage of Telephones and Telegraphs.

There are 2,926 telephone instruments in Ecuador, of which 2,250 are in Guayaquil, requiring 2,539 miles of wire; the capital invested up to the end of last year was $181,687. At the close of 1914 the National Telephone Co. increased its capital from $50,000 to $125,000, the added funds being utilized in installing a modern telephone plant, partly subterranean. The work is being done by an American house (Western Electric Co.), with a force of American experts, the contract having been secured in competition with several European manufacturers prior to the war. When the installation has been completed Guayaquil will enjoy a telephone service equal to that in the large cities of the United States.

The telegraphic service at the close of 1914 had 5,384 miles of wire, an increase of 37 miles over the previous year, and 163 offices, through which nearly 400,000 messages were sent. In addition to the wireless station connected with the capitancy of the port, another is being established at Machala, which will soon be in working order, it being the second of a series projected by the Ecuadorian Government.

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